

**URBAN RENEWAL PLAN  
CAMPUSTOWN URBAN RENEWAL AREA**

**CITY OF AMES, IOWA**

**November, 2013**

**I. INTRODUCTION**

Chapter 403 of the Code of Iowa authorizes cities to establish areas within their boundaries known as “urban renewal areas,” and to exercise special powers within these areas. The City of Ames (the “City”) City has been requested by a developer to establish a new urban renewal area.

Chapter 15A of the Code of Iowa declares that economic development is a “public purpose” and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines “economic development” as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

The process by which an economic development urban renewal area may be created begins with the preparation of an urban renewal plan for a proposed geographic area. A City’s Plan and Zoning Commission must review the plan and inform the City Council if it is consistent with the City’s general plan. All affected counties and school districts must be notified and given an opportunity to comment on the plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

This document is intended to serve as the Urban Renewal Plan for an urban renewal area to be known as the Campustown Urban Renewal Area (the “Urban Renewal Area”). It is intended that this Urban Renewal Plan will guide the City in promoting economic development by private enterprises. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa, and it sets out a proposed project to be undertaken within the Urban Renewal Area.

**II. DESCRIPTION OF URBAN RENEWAL AREA**

Campustown Urban Renewal Area would include 1.42 acres of property located along Lincoln Way east of Welch Ave., property on the east side of Welch Avenue (currently addressed as 114 Welch) and property on the west side of Stanton Ave. (currently addressed as 107 and 111 Stanton Ave). A legal description of the property is attached hereto as Exhibit A. Following its designation as an urban renewal area, a plat of survey will be prepared consolidating these properties.

### III. URBAN RENEWAL OBJECTIVES

The primary objectives for development within the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.
2. To stimulate private investment in the area known as Campustown through public action and commitment, and to encourage job retention, growth and expansion through the use of various incentives.
3. To provide tax increment incentives in the form of economic development payments or other methods authorized by state law.

### IV. THE PROJECT

The purpose of this Urban Renewal Plan is a response by the City to a request from a developer known as Kingland Systems related to the construction of a facility for retail and office uses on property located within the Urban Renewal Area. Review of the proposed project by the developer and City staff has determined that financial assistance is required to make the project economically viable.

### V. CITY DEVELOPMENT PLANS AND POLICIES

The City has a general plan for the physical development of the City, as outlined in a comprehensive plan document and in a zoning ordinance. The comprehensive plan document is called the *Land Use Policy Plan* and includes ten goals in broad categories, as well as a number of objectives to meet those goals. Two that more greatly influence the development of the Campustown area are quoted below. **Emphasis is added to the more pertinent passages.**

**Goal No. 4.** It is the goal of Ames to create a greater sense of place and connectivity, physically and psychologically, in building a neighborhood and overall community identity and spirit. It is the further goal of the community to assure a more healthy, safe, and attractive environment.

Objectives. In achieving an integrated community and more desirable environment, Ames seeks the following objectives.

- 4.A. **Ames seeks to establish more integrated and compact living/activity areas (i.e. neighborhoods, villages) wherein daily living requirements and amenities are provided in a readily identifiable and accessible area. Greater emphasis is placed on the pedestrian and related activities.**

- 4.B. Ames seeks to physically connect existing and new residential and commercial areas through the association of related land uses and provision of an intermodal transportation system.
- 4.C. **Ames seeks to psychologically connect the various living/activity areas through closer proximity of residential areas and supporting commercial uses,** common design elements, and inclusion of community amenities such as parks and schools. The connections should promote community identity.

**Goal No. 5. It is the goal of Ames to establish a cost-effective and efficient growth pattern for development** in new areas and in **a limited number of existing areas for intensification.** It is a further goal of the community to link the timing of development with the installation of public infrastructure including utilities, multi-modal transportation system, parks and open space.

- 5.C. **Ames seeks the continuance of development in** emerging and **infill areas where there is existing public infrastructure and where capacity permits.**

To support these goals and objectives the City land use policy calls for more businesses and more housing in Campustown where they can serve the needs of people who wish to be near ISU, including students and staff, and their families. This “intensification” is to be guided so that new development is compatible with the existing character of the area. To that end, the City has adopted the *Sub-Area Plan for the University Impacted Area* (UIA) and incorporated it as part of the *Land Use Policy Plan*. The Sub-Area Plan establishes the following policies for the development of Campustown that are relevant to the establishment of the Campustown Urban Renewal Area.

**The University Impacted Area will be a distinct, unique area within the community with a great deal of variety in activities and appearance.** It will be made up of districts, each with a distinct character, well defined by building use, type, scale, setting, intended activity level, and other characteristics. Compatibility will characterize transitions among these districts.

. . .

**To make good use of resources, land uses within the UIA will be intensified,** while also conserving and preserving its existing valuable characteristics by assuring compatibility between existing and new development.

. . .

At the core, in the Campustown Service Center, buildings are the largest and residential densities are the greatest, **supporting lively commercial activity at the street level.** Building placement, design and materials reinforce a dynamic, pedestrian-friendly neighborhood character.

The objectives and proposed project outlined in this Urban Renewal Plan are consistent with the above goals and policies identified and adopted as part of the City's planning process.

## **VI. TAX INCREMENT FINANCING PROCEDURES**

Under the Iowa Urban Renewal Law, in order to assist in the development of new private enterprises, the City may be requested to provide a property tax incentive in the form of an agreement that returns certain incremental property tax revenues to a developer as economic development payments. As part of the establishment of an urban renewal area, the City will adopt an ordinance to create a tax increment district (the "TIF District"), within which the property taxes eventually paid by new private development will be used to pay costs of urban renewal projects, including economic development agreements. The use of these tax revenues in this manner is known as tax increment financing ("TIF").

Depending on the date on which a TIF District is legally established and the date on which debt is initially certified within a TIF District, an original taxable valuation is established for the property within a TIF District, which is known as the "base valuation." The "base valuation" is the assessed value of the taxable property in a TIF District as of January 1 of the calendar year preceding the calendar year in which a City first certifies the amount of any obligations payable from TIF revenues to be generated within that TIF District. When the value of the property inside a TIF District increases by virtue of new construction or any other reason, the difference between the base valuation and the new property value is the "tax increment" or "incremental value."

Procedurally, after tax increment debt has been incurred within a TIF District, property taxes levied by the city, the county, the school district and the area college against the incremental value, with the exception of taxes levied to repay debt incurred by those jurisdictions and the school district physical plant and equipment and instructional support levies, are allocated by state law to the City's tax increment fund rather than to each jurisdiction. These new tax dollars are then used to repay any tax increment obligations incurred in the Urban Renewal Area.

## **VII. EFFECTIVE PERIOD**

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. State law allows the collection of incremental property taxes generated within the Urban Renewal Area for up to twenty years. Each project or activity to which incremental property tax revenues will be devoted will be subject to such restrictions as may be deemed necessary and appropriate by the City Council

## **VIII. PLAN AMENDMENTS**

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa in order to carry out any purposes consistent with state law.

## **IX. CITY DEBT INFORMATION**

Chapter 403 of the Code of Iowa requires that any urban renewal plan include certain information with respect to City general obligation debt, ability to incur additional debt and the amount of proposed tax increment debt to be incurred. Here is that information for this Urban Renewal Plan and the proposed project:

#### CURRENT GENERAL OBLIGATION AND REVENUE BOND DEBT

<b>General Obligation Bonds</b>	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Amount Originally Issued</b>	<b>Final Maturity</b>	<b>Outstanding As Of June 30, 2013</b>
Corporate purpose	10-2006	4.00%	\$ 5,285,000	06-2018	\$ 2,570,000
Corporate purpose	11-2007	3.75%	9,630,000	06-2019	5,660,000
Corporate purpose	10-2008	3.75-4.15%	8,355,000	06-2020	5,435,000
Corporate purpose	10-2009	2.00-3.50%	11,165,000	06-2021	8,050,000
Corporate purpose	09-2010	2.00-2.50%	6,690,000	06-2022	5,275,000
Refunding	05-2011	2.00-3.35%	5,980,000	06-2021	3,440,000
Corporate purpose	11-2011	1.00-2.40%	6,675,000	06-2023	5,600,000
Corporate purpose	10-2012	1.50-3.00%	12,660,000	06-2032	11,815,000
Corporate purpose/refunding	07-2013	2.00-3.125%	22,540,000	06-2032	<u>22,540,000</u>
<b>Total General Obligation Bonds Outstanding</b>					<b><u>\$ 70,385,000</u></b>
<b>Revenue Bonds</b>					
Mary Greeley Medical Center	10-2011	3.00-5.625%	\$ 65,000,000	06-2036	\$ 64,540,000
Mary Greeley Medical Center	11-2012	2.07%	26,000,000	06-2027	<u>24,545,000</u>
<b>Total Revenue Bonds Outstanding</b>					<b><u>\$ 89,085,000</u></b>
<b>TOTAL ALL BONDS OUTSTANDING</b>					<b><u>\$ 159,470,000</u></b>

## CURRENT CONSTITUTIONAL DEBT LIMIT AND CAPACITY

As of the Fiscal Year Ended 6/30/2013

Total Actual Valuation	\$	3,485,540,534	
State Mandated Debt Limit*	\$	174,277,027	
City Reserve (25% Of Limit)**	\$	43,569,257	
Un- Reserved Debt Capacity	\$	130,707,770	
Total Debt Subject to Limit	\$	70,385,000	
Available Un-Reserved Debt Capacity (\$/%)	\$	60,322,770	46.15%
<b>Total Debt Capacity Available (\$/%)</b>	<b>\$</b>	<b>103,892,027</b>	<b>59.61%</b>

### Notes:

\* Iowa Statutory debt limit is 5 percent of total actual valuation

\*\* City Policy reserves 25 percent of available debt capacity

## Proposed Amount of Tax Increment Financing

The City intends to enter into a Tax Increment Financing (TIF) rebate agreement with the developer of the project to provide a rebate of 100 percent of eligible incremental property taxes for a period of ten years or an amount not to exceed \$2,064,530, whichever comes first. The TIF agreement will be structured such that the amount of the TIF rebate will not be included as debt subject to the state mandated debt limitation.

**EXHIBIT A  
LEGAL DESCRIPTION**

**CAMPUSTOWN URBAN RENEWAL AREA**

LEGAL DESCRIPTION – PARCEL 'AA':

PARCEL 'AA' IN BEARDSHEAR'S ADDITION AND PARKER'S ADDITION TO THE CITY OF AMES, STORY COUNTY, IOWA, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING AT THE NORTHWEST CORNER OF LOT 1, BLOCK 1 OF SAID BEARDSHEAR'S ADDITION; THENCE S 89°55'58" E, 146.33 FEET ALONG THE NORTH LINE OF SAID LOT 1; THENCE S 89°58'21" E, 43.61 FEET TO THE NORTHEAST CORNER OF SAID LOT 1, ALSO BEING THE NORTHWEST CORNER OF LOT 1, PARKER'S ADDITION; THENCE S 89°59'07" E, 15.48 FEET ALONG THE NORTH LINE OF LOT 1 OF PARKER'S ADDITION; THENCE S 89°54'47" E, 64.52 FEET ALONG THE NORTH LINE OF LOT 1 OF PARKER'S ADDITION; THENCE S 00°26'08" E, 74.21 FEET; THENCE S 89°58'27" E, 110.05 FEET TO THE EAST LINE OF LOT 1 OF SAID PARKER'S ADDITION; THENCE S 00°23'08" E, 114.22 FEET ALONG THE EAST LINE OF LOT 1 OF SAID PARKER'S ADDITION TO THE NORTHEAST CORNER OF PARCEL 'X'; THENCE N 89°54'43" W, 189.95 FEET ALONG THE NORTH LINE OF PARCEL "X" TO THE NORTHWEST CORNER OF PARCEL 'X'; THENCE N00°44'24"E, 7.98 FEET ALONG THE EAST LINE OF PARCEL 'B' TO THE NORTHEAST CORNER OF PARCEL 'B'; THENCE N89°42'49"W, 190.34 FEET TO THE NORTHWEST CORNER OF PARCEL 'B' ON THE EAST RIGHT-OF-WAY LINE OF WELCH AVENUE; THENCE N00°21'50"W, 179.55 FEET ALONG THE WEST LINE OF LOTS 1 AND 2, BLOCK 1, BEARDSHEAR'S ADDITION TO THE POINT OF BEGINNING ON THE EAST RIGHT-OF-WAY OF WELCH AVENUE.

## EXHIBIT B LOCATION MAP

